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December 16, 2009

To Intercollegiate Athletics
Audit Committee
Bozeman, Montana

This letter is intended to inform the President and Intercollegiate Athletics Audit Committee about significant matters related to the conduct of the annual audit so it can appropriately discharge its oversight responsibility and that we comply with our professional responsibilities to the President and Internal Audit.

We have audited the financial statements of Montana State University Intercollegiate Athletics for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 11, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Montana State University Intercollegiate Athletics are described in Note 1 to the financial statements. The following new accounting policy was adopted during the year:

- Management evaluated subsequent events through the date of which the financial statements were available for issue in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as codified by the Financial Accounting Standards Board.

The application of one existing policy was changed during 2009. Athletics made a change in accounting and reported depreciation expense. There was no effect on the fund balance as a result of the change. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Montana State University Intercollegiate Athletics' financial statements was:

> Management's estimate of the allocation of fee's and donations is based on the Full Grant Equivalents (FGE's) that is determined by the compliance officer. We evaluated the key factors and assumptions used to develop the allocation of fee's and donations in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of contributions and direct institution support in Note 2 to the financial statements is considered to be an integral part of the accompanying financial statements. We evaluated the key factors and assumptions used in management's preparation of these disclosures and determined the disclosures to be reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

> Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 16, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of those charged with governance, the President of Montana State University, Intercollegiate Athletics Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Anderson ZurMuehlen + Co, P.C.

Bozeman, Montana
December 16, 2009

Montana State University Intercollegiate Athletics
Summary of Proposed Adjustments
June 30, 2009

Passed Adjusting Journal Entry #1	DR	CR
Game Guarantee Revenue - Men's Basketball	7,500	
Game Guarantee Receivable - Men's Basketball		7,500

Explanation: To adjust revenue to actual amounts received for game guarantee contracts that were canceled.